

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED MARCH 31, 2010

**Introductory Comment and Overview**

Lund Gold Ltd. is a junior mineral exploration company listed on the TSX Venture Exchange under the trading symbol “LGD”. The Company is in the business of exploring mineral properties, and is currently focusing on its Don-Don copper-gold project in northern British Columbia. The Don-Don project was acquired by option agreement in September 2009, as set out in Note 5 to the interim financial statements dated March 31, 2010. During the nine months ended March 31, 2010, the Company was primarily engaged in carrying out exploration programs at the Don-Don project and at the Black Fox project in northern Ontario.

This MD&A is dated May 28, 2010 and discloses specified information up to that date. Lund Gold is classified as a “venture issuer” for the purposes of National Instrument 51-102. Our financial statements are prepared in accordance with generally accepted accounting principles applicable in Canada. Unless otherwise cited, references to dollar amounts are Canadian dollars. Throughout this report we refer from time to time to “Lund”, “Lund Gold”, “the Company”, “we”, “us”, “our” or “its”. All these terms are used in respect of Lund Gold Ltd. which is the reporting issuer in this document. *We recommend that readers consult the “Cautionary Statement” on the last page of this report.* Additional information related to Lund Gold is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

**Overall Performance**

Our principal milestones in the nine months ended March 31, 2010 and to the date of this report are the following.

- **Don-Don Project:** On September 17, 2009 we announced an option agreement in respect of 16 claims totalling 6,505 hectares located in the Omineca Mining Division, British Columbia. Terms of the agreement are described in Note 5 to the March 2010 financial statements. This project is located in the northern Quesnel Trough geological district, a very active exploration camp with numerous companies exploring for porphyry- and other style copper-gold mineralization. Our MD&A for the second quarter summarized news on this project up to February 22, 2010. This included our news release of January 28, 2010 which disclosed drill program results, including details of drill hole # 2, which showed anomalous copper and gold assay values over the entire hole. This release also stated that additional close-spaced (on 100-metre centres) geophysical surveying and drill testing will be required to further evaluate and define the full extent of this immediate mineralized area. The news releases on this project dated September 17, October 29, November 12 and December 14, 2009 and January 28, 2010 are filed on SEDAR and contain additional details. It is significant to note that we have fully met the total expenditure requirement under the option agreement with the fall 2009 program.

No field work was conducted on either the Don-Don Project or the Black Fox Project during the third fiscal quarter due to winter conditions. Subsequent to the end of the fiscal quarter, in April 2010 an assessment report on the Don-Don claims was filed with British Columbia authorities.

**Summary of Quarterly Results**

	Three Months Ended March 31, 2010	Three Months Ended December 31, 2009	Three Months Ended September 30, 2009	Three Months Ended June 30, 2009	Three Months Ended March 31, 2009	Three Months Ended December 31, 2008	Three Months Ended September 30, 2008	Three Months Ended June 30, 2008
Total assets	\$2,876,947	\$3,128,151	\$3,410,245	\$3,691,559	\$3,765,411	\$4,446,758	\$4,526,117	\$4,581,302
Mineral properties	1,525,503	1,466,380	725,495	629,216	510,776	944,453	357,877	189,996
Working capital	1,188,869	1,405,676	2,439,158	2,808,943	3,075,514	2,523,291	3,046,880	3,289,166
Shareholders' equity	2,822,041	2,986,838	3,286,547	3,567,165	3,722,410	4,325,957	4,441,867	4,510,833
Revenues	nil	nil	nil	nil	nil	nil	nil	nil
Net loss <sup>1</sup>	(164,797)	(451,009)	(280,618)	(159,744)	(128,945)	(115,910)	(87,966)	(93,048)
Loss per share	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Note: The loss per share is zero in each quarter of fiscal 2008-2009 but \$0.01 for the year in total, due to rounding.

## **Results of Operations**

Lund's management believes that the most relevant measures of the results of operations for an exploration stage company are found in the statement of cash flows.

The statement of cash flows portrays our continuing focus on mineral exploration, expected drawdowns of cash attributable to operations, and the ability to maintain adequate cash resources and to otherwise manage our financial assets. Continuous programs of resource project expenditure reflect the essence of the business we are in as an exploration company. Net of non-cash items and property examination costs, our administrative operations have consumed between approximately \$75,000 and \$180,000 per quarter over the past two fiscal years. We expect this level to continue over our one- to two-year planning horizon.

Our expenses for the nine months ended March 31, 2010 were approximately \$892,000, up from approximately \$388,000 in the preceding year's first three fiscal quarters. The principal increase was in property examination costs, as we expended some \$258,000 on a project under consideration for acquisition but not yet acquired. Excluding the highly variable and non-cash cost of stock-based compensation, the largest other significant increase was in salaries and benefits, due to increased activity levels as we internally managed our two projects in Canada, Don-Don and Black Fox, reducing our reliance on contract operators. Office costs and rent also increased reflecting these same activity factors.

Among "other income and expense" line items, interest earnings virtually vanished in the current fiscal year reflecting minimal interest rates currently available.

## **Liquidity, including in the context of current capital markets**

Based on our existing working capital, we expect to maintain adequate liquidity to meet our funding needs anticipated for the balance of the fiscal year currently in progress. This working capital position principally reflects the private placement financing which closed in April 2008. We believe Lund Gold's working capital position demonstrates a capacity to carry on our exploration operations, and related administrative costs, in spite of the last two years' volatility in the capital markets both generally, and in the mineral exploration sector in particular.

The Company does not currently own or have an interest in any producing resource properties and has not derived any revenues from the sale of resource products in the last two financial years. Our exploration activities have been funded through sales of common shares, and we expect that we will continue to be able to utilize this source of financing until we develop cash flow from operations, although such cash flow is well beyond our current planning horizon. There can be no assurance, however, that we will be able to obtain required financing in the future on acceptable terms, or at all. In the near term, our plan is to continue our exploration programs on our projects.

## **Capital Resources**

During the nine months ended March 31, 2010, the Company continued to have the benefit of the proceeds of our private placement financings which closed in April 2008.

Based on our existing working capital, the Company does not expect to require additional financing during the current fiscal year. At March 31, 2010 the Company had no significant project expenditure or other commitments. The exploration expenditures on the Don-Don project set out in Note 5 to the second quarter interim financial statements fully meet and exceed the total expenditures required under that option agreement.

## **Related Party Transactions**

During the nine months ended March 31, 2010, the Company incurred legal fees of \$19,400 paid or accrued to a law firm controlled by James G. Stewart, a director and officer of the Company. The Company also paid or accrued salaries and benefits of \$98,322 to Mr. Chet Idziszek, its Chief Executive Officer. A portion of the legal fees and of the CEO's compensation has been recorded as mineral project costs.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the Company and the related parties.

### New Accounting Standard Adopted and Recent Accounting Pronouncements

As described in Note 4 to the interim financial statements, effective July 1, 2009 the Company adopted new CICA standard Section 3064 *Goodwill and intangible assets*. We do not believe this new standard has had or will have a significant effect on our accounting and disclosures.

Also as described in Note 4 to the interim financial statements, effective July 1, 2011 we expect to adopt a new standard as set out in Section 1582 *Business combinations*. We do not believe this new standard will have a significant effect on our accounting and disclosures unless and until the Company carries out a business combination transaction.

### International Financial Reporting Standards (“IFRS”) Implementation Plan

Also as described in Note 4 to the interim financial statements, in February 2009 the Canadian authority, the Accounting Standards Board (“AcSB”), announced that publicly-listed companies are to adopt IFRS, replacing Canadian GAAP, for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, Lund Gold will publish its first IFRS-based financial statements for its interim fiscal quarter ending September 30, 2011 – two years from now. Those statements will require comparative amounts, determined under IFRS, for the prior fiscal year period, which in turn will require the restatement to conform with IFRS of the Company’s balance sheet at June 30, 2010. The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required.

While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Property, plant and equipment (measurement and valuation);
- Provisions, including asset retirement obligations;
- Stock-based compensation;
- Accounting for joint ventures;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company’s IFRS implementation plan will also be addressed, including the implication of changes to accounting policies and processes; financial statement note disclosures; information technology; internal controls; contractual arrangements; and employee training. The following table summarizes the expected timing of activities related to our transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	In progress now
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	By July 31, 2010
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	By July 31, 2010
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	By September 30, 2010
Resolution of the accounting policy change implications on information technology, internal controls and contractual agreements.	By September 30, 2010
Management and employee education and training.	Throughout the transition process
Quantification of the Financial Statements impact of changes in accounting policies.	By December 31, 2010

This schedule is consistent with that presented in our MD&A for the previous fiscal quarter.

### Financial Instruments

The Company’s financial instruments consist of cash, receivables, restricted cash, and accounts payable and accrued liabilities. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Because these items have short maturities, the fair values of these financial instruments are approximately equal to their carrying values, unless otherwise noted. At March 31, 2010 the Company’s ongoing projects were located in Canada and its costs incurred in Canadian dollars. Because of this, the Company has no significant exposure to foreign currency risk.

## **Risk Factors**

The Company and its operations are subject to a significant number of risk factors, which are set out and discussed in greater detail in our most recent annual management discussion and analysis, which is filed on SEDAR. To the date of this report, there have been no significant changes to the risk factors therein described. The Company draws readers' attention to the following risk factors which we take the opportunity to set out again in this interim MD&A report.

### *Exploration risks*

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome for the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome for the Company and its securities.

### *Market risks*

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome for the Company and its securities.

### *Commodity price risks*

The Company's exploration projects seek gold at the Black Fox Project and copper and gold at the Don-Don Project. These commodity categories have over at least the past three years experienced significant and volatile market price movements, and there can be no assurance that attractive price levels will be restored or maintained, or that investors' evaluations, perceptions, beliefs and sentiments will favourably regard both or either of these target commodity categories. Adverse effects in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome for the Company and its securities.

## **Other Required Disclosure**

### *Additional Disclosure for Venture Issuers without Significant Revenue*

At June 30, 2009, the Company had incurred acquisition and exploration costs of \$629,216 with respect to its Black Fox Property and during the first and second quarters ended March 31, 2010, the Company incurred a further \$136,354 in exploration costs on this project. The major components of the exploration costs are set out in detail in note 5 to the statements, which sets out that the principal cost centres were for geology and geophysics costs and for assays. Also as set out in detail in note 5 to the statements, during the first three fiscal quarters to March 31, 2010 the Company acquired an interest in the Don-Don Project and incurred \$727,433 in exploration costs as well as \$32,500 in acquisition costs. As described in "Overall Performance" on page 1, we carried out geophysical programs and drilled four core holes on this project. The cost centres for drilling, and for geology, geochemistry and geophysics totaled \$240,813 and \$373,883 respectively, or 33 per cent and 51 per cent respectively, of Don-Don exploration costs.

Operating expenses for the nine months ended March 31, 2010 were \$892,222, a 130 per cent increase from \$388,592 for the comparable nine months ended March 31, 2008. Factors underlying this increase are described above under the heading "Results of Operations". It should be noted that approximately \$478,000 in costs were incurred in the 2010 fiscal period for property examination costs and stock-based compensation costs, neither of which had any costs in the 2009 fiscal period. These two items comprise 95% of the increase.

---

*Disclosure of Outstanding Share Data*

The authorized share capital of the Company consisted at March 31, 2010 of an unlimited number of common shares without par value of which 48,353,033 were outstanding at March 31, 2010 and at the date hereof.

At March 31, 2010 the Company had outstanding warrants entitling the purchase of 4,487,852 shares of the Company at a price of \$0.40 per share until April 16, 2010, and for the purchase of 804,500 shares of the Company at a price of \$0.24 per share until April 16, 2010, for a total of 5,292,352 warrants. Subsequent to the end of the reporting period, all these warrants expired unexercised. At the date of this report, there are no warrants outstanding.

At March 31, 2010 the Company had the following incentive stock options outstanding:

<b>Number of Stock Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
896,500	\$0.10	November 9, 2010
1,690,000	\$0.31	April 20,2012
10,000	\$0.37	May 18,2012
<u>2,100,000</u>	\$0.12	November 16, 2014
<u>4,696,500</u>		

During the first fiscal quarter, 59,000 options priced at \$0.25 expired without being exercised.

During the second fiscal quarter, the Company granted incentive options to acquire up to a total of 2,100,000 common shares exercisable for a five year period at the price of \$0.12 per share. These options are fully vested at the date of grant. The Company recorded stock-based compensation costs of \$146,799 as more fully set out in Note 7 to the financial statements.

Vancouver, British Columbia



May 28, 2010

**Cautionary Statement**

This document contains “forward-looking statements” within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment and scope of exploration programs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.